
By: **Delegate James (Chairman, Joint Committee on Pensions)**

Introduced and read first time: February 13, 2004

Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 22, 2004

CHAPTER _____

1 AN ACT concerning

2 **State Retirement and Pension System - Administration - Simplification**

3 FOR the purpose of altering the location where the Board of Trustees for the State
4 Retirement and Pension System may meet for certain training; amending the
5 title of a certain manual; repealing the requirement that certain individuals
6 work a certain amount of time in order to participate in the Employees' Pension
7 System; prohibiting certain members of the Employees' Retirement System to
8 transfer to the Law Enforcement Officers' Pension System after a certain date
9 and receive certain benefits; prohibiting any ~~individual~~ participating
10 governmental unit from joining the Local Fire and Police System after a certain
11 date; requiring the Board of Trustees to temporarily suspend certain disability
12 benefits under certain circumstances as of a certain date; prohibiting a member
13 of the Employees' Retirement System or the Teachers' Retirement System to
14 transfer membership to the Employees' Pension System or the Teachers' Pension
15 System after a certain date; prohibiting a former member of the Employees'
16 Retirement System or the Teachers' Retirement System to transfer vested rights
17 to the Employees' Pension System or the Teachers' Pension System after a
18 certain date; repealing the option of certain members of the Employees'
19 Retirement System or Teachers' Retirement System to select certain retirement
20 benefits after a certain date; prohibiting optional membership in the Employees'
21 Pension System after a certain date for certain individuals; providing for the
22 Board of Trustees to allocate in a certain manner certain assets of certain
23 individuals who have transferred from the Employees' Retirement System or
24 the Teachers' Retirement System to the Employees' Pension System or the
25 Teachers' Pension System by a certain date; allowing a firefighter employed by
26 certain participating governmental units to participate in the Law Enforcement
27 Officers' Pension System; repealing a State Retirement and Pension System
28 member's option of depositing certain additional contributions after a certain

1 date; providing that if a certain number of firefighters of certain governmental
 2 units elect to participate in the Law Enforcement Officers' Pension System, that
 3 governmental unit may participate in the Law Enforcement Officers' Pension
 4 System; defining a certain term; making certain technical and conforming
 5 changes; providing for a delayed effective date of certain provisions in this Act;
 6 and generally relating to simplifying the administration of the State Retirement
 7 and Pension System.

8 BY repealing and reenacting, with amendments,

9 Article - State Personnel and Pensions

10 Section 20-101(c), 21-108(a)(3), 21-116(c), 21-123(c), 21-313(c), 22-209(a),
 11 22-212, 22-213, 22-221(a), 23-201(a), 23-204, 23-206(a), 23-309(a),
 12 23-405, 26-201, 26-204, 26-205, ~~28-202~~, 29-115(b), 31-202, 31-203,
 13 31-205(a), 31-2A-01, 31-2A-03, and 37-201(b)

14 Annotated Code of Maryland

15 (1997 Replacement Volume and 2003 Supplement)

16 BY repealing

17 Article - State Personnel and Pensions

18 Section 22-219(c), 22-220(c), 22-221(g), 22-407, 23-202, 23-207, and 29-503

19 Annotated Code of Maryland

20 (1997 Replacement Volume and 2003 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article - State Personnel and Pensions**

24 21-108.

25 (a) (3) (i) Each trustee on the Board of Trustees is required to complete at
 26 least 8 hours of investment and fiduciary training, including training on fiduciary
 27 conduct and board governance, during a 1-year period beginning January 1.

28 (ii) The training shall be conducted at [the State Retirement
 29 Agency] A FACILITY LOCATED IN THE ~~BALTIMORE WASHINGTON METROPOLITAN~~
 30 ~~CORRIDOR STATE~~ by an entity not affiliated with any of the external investment
 31 managers for the several systems.

32 (iii) On or before June 30 and December 31 of each year, the State
 33 Retirement Agency shall submit a report to the Department of Legislative Services
 34 that provides a summary of the training required by this paragraph that was
 35 completed by each trustee during that 6-month period.

36 21-116.

37 (c) (1) The Board of Trustees shall adopt an investment [operations]
 38 POLICY manual that details:

1 (i) the functions of the Investment Division of the State
2 Retirement Agency;

3 (ii) the goals and objectives of the several investment programs;
4 and

5 (iii) the policies that govern the selection and retention of
6 investments.

7 (2) The Investment Committee shall:

8 (i) prepare and maintain the investment [operations] POLICY
9 manual; and

10 (ii) submit the investment [operations] POLICY manual, and any
11 subsequent amendments to the manual, to the Board of Trustees for approval.

12 21-123.

13 (c) (1) (i) Subject to subparagraph (ii) of this paragraph, the Board of
14 Trustees may invest assets of the several systems subject to the conditions that it
15 imposes.

16 (ii) Not more than 25% of the assets that the Board of Trustees
17 invests in common stocks may be invested in nondividend paying common stocks.

18 (2) The Board of Trustees shall include the conditions that it adopts
19 under paragraph (1) of this subsection in the investment [operations] POLICY
20 manual required by § 21-116(c) of this subtitle.

21 22-221.

22 (a) (1) This section applies only to a member who is not subject to Selection
23 A (Additional member contributions) or Selection B (Limited cost-of-living
24 adjustment).

25 (2) The effective date for application of this section is:

26 (i) July 1, 1984, for a member employed by a participating
27 employer on that day who had not elected Selection A (Additional member
28 contributions) or Selection B (Limited cost-of-living adjustment);

29 (ii) the date of return to employment by a participating employer
30 for a member who returned to active employment and had not elected Selection A
31 (Additional member contributions) or Selection B (Limited cost-of-living
32 adjustment); or

33 (iii) the date of election of Selection C (Combination formula) [under
34 § 22-219 or § 22-220 of this subtitle] BY A MEMBER WHO ON OR BEFORE DECEMBER
35 31, 2004, HAD FORMERLY ELECTED SELECTION A (ADDITIONAL MEMBER
36 CONTRIBUTIONS) OR SELECTION B (LIMITED COST-OF-LIVING ADJUSTMENT).

1 23-204.

2 (a) (1) [Membership in the Employees' Pension System is optional for an
3 individual who] THIS SECTION APPLIES TO AN INDIVIDUAL WHO ON JUNE 30, 2004,
4 receives an annual salary and who is:

5 [(1)] (I) an elected or appointed official;

6 [(2)] (II) an employee of the Governor's office;

7 [(3)] (III) an employee of the Senate or House of Delegates; [or]

8 [(4)] (IV) a member of the Prince George's County Board of License
9 Commissioners; OR

10 (V) AN EMPLOYEE OF DORCHESTER COUNTY WHO IS NOT A
11 MEMBER OF THE COUNTY'S GENERAL PENSION AND RETIREMENT PROGRAM.

12 (2) MEMBERSHIP IN THE EMPLOYEES' PENSION SYSTEM IS OPTIONAL
13 FOR AN INDIVIDUAL UNDER PARAGRAPH (1) OF THIS SUBSECTION WHILE THE
14 INDIVIDUAL REMAINS EMPLOYED IN THE POSITION THE INDIVIDUAL HELD ON JUNE
15 30, 2004.

16 (b) (1) (I) Except as provided in paragraph (2) of this subsection,
17 [membership in the Employees' Pension System is optional for] THIS SUBSECTION
18 APPLIES ONLY TO the employees of a participating governmental unit who:

19 1. ARE EMPLOYED BY THE PARTICIPATING GOVERNMENTAL
20 UNIT ON JUNE 30, 2004; AND

21 2. [are] WERE employed by the participating governmental
22 unit on the effective date of participation in the State systems.

23 (II) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,
24 MEMBERSHIP IN THE EMPLOYEES' PENSION SYSTEM IS OPTIONAL FOR AN
25 INDIVIDUAL UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH UNTIL THE INDIVIDUAL
26 CEASES EMPLOYMENT WITH THE PARTICIPATING GOVERNMENTAL UNIT THAT WAS
27 EMPLOYING THE INDIVIDUAL ON JUNE 30, 2004.

28 (2) [Paragraph (1) of this subsection does not apply to] MEMBERSHIP IN
29 THE EMPLOYEES' PENSION SYSTEM IS NOT OPTIONAL FOR INDIVIDUALS WHO ARE:

30 (I) supportive service employees of the Board of Education of Kent
31 County [who are employed by the Board of Education of Kent County on the day
32 before the date that the Board of Education of Kent County begins participation in
33 the Employees' Pension System.]; OR

34 [(3)] (II) [Paragraph (1) of this subsection does not apply to] employees
35 of the Town of Oakland [who are employed by the Town of Oakland on the day before

1 the date that the Town of Oakland begins participation in the Employees' Pension
2 System.

3 (c) Membership in the Employees' Pension System is optional for an employee
4 of Dorchester County who is not a member of the County's general pension and
5 retirement program].

6 23-309.

7 (a) [(1)] For the purpose of computing benefits under this title, creditable
8 service consists of:

9 [(i)] (1) eligibility service as adjusted under subsection (b) of this
10 section; and

11 [(ii)] (2) credit for unused sick leave as provided in § 20-206 of this
12 article and § 23-310 of this subtitle.

13 [(2) (i) This paragraph does not apply to an official of a participating
14 governmental unit.

15 [(ii) (ii) An official who was appointed on or after June 1, 1980, may not
16 receive creditable service in the Employees' Pension System for any year in which the
17 official works fewer than 130 days.]

18 26-204.

19 (a) Except as provided in subsection (b) of this section, a member's
20 contribution rate is 4% of the member's earnable compensation.

21 (b) (1) This subsection applies only to a member who:

22 (i) transferred to the Law Enforcement Officers' Pension System
23 from the Employees' Retirement System ON OR AFTER JANUARY 1, 2001, AND ON OR
24 BEFORE DECEMBER 31, 2004; [and] OR

25 (ii) 1. TRANSFERRED TO THE LAW ENFORCEMENT OFFICERS'
26 PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM ON OR BEFORE
27 DECEMBER 31, 2000; AND

28 2. did not elect to participate in the Law Enforcement
29 Officers' Modified Pension Benefit on or before December 31, 2000 as provided in §
30 26-211 of this article.

31 (2) The contribution rate for a member who has transferred from the
32 Employees' Retirement System is the rate set under:

33 (i) Section 22-214(a) of this article, for a member who had elected
34 Selection A (Additional member contributions) under § 22-219 of this article; or

1 (ii) Section 22-214(b) of this article, for a member who had elected
2 Selection B (Limited cost-of-living adjustment) under § 22-220 of this article.

3 26-205.

4 Regular interest is payable on member contributions until retirement or
5 withdrawal of accumulated contributions at the rate of:

6 (1) 4% a year, compounded annually, for a member who has transferred
7 from the Employees' Retirement System ON OR BEFORE DECEMBER 31, 2004; or

8 (2) 5% a year, compounded annually, for each other member.

9 ~~28-202.~~

10 ~~(a) Except as provided in subsection (b) of this section, an individual described~~
11 ~~in § 28-201 of this subtitle WHO is a member of the Local Fire and Police System ON~~
12 ~~OR BEFORE DECEMBER 31, 2004, IS A MEMBER OF THE LOCAL FIRE AND POLICE~~
13 ~~SYSTEM as a condition of employment.~~

14 ~~(b) Membership in the Local Fire and Police System is optional for an~~
15 ~~individual who was employed by a participating governmental unit on the date the~~
16 ~~participating governmental unit begins to participate in the Local Fire and Police~~
17 ~~System.~~

18 ~~(c) AN INDIVIDUAL WHO IS NOT A MEMBER OF THE LOCAL FIRE AND POLICE~~
19 ~~SYSTEM ON DECEMBER 31, 2004, IS NOT ELIGIBLE FOR MEMBERSHIP IN THE LOCAL~~
20 ~~FIRE AND POLICE SYSTEM.~~

21 29-115.

22 (b) (1) (I) The Board of Trustees [may] SHALL, after giving notice,
23 temporarily suspend the retiree's allowance if the retiree:

24 [(i)] 1. began receiving a disability retirement allowance on or
25 after July 1, 1998; and

26 [(ii)] 2. is employed by a participating employer at an annual
27 compensation that is at least equal to the retiree's average final compensation at
28 retirement.

29 (II) A TEMPORARY SUSPENSION UNDER THIS SUBSECTION SHALL
30 BEGIN AS OF THE DATE THE RETIREE IS REEMPLOYED BY A PARTICIPATING
31 EMPLOYER UNDER SUBPARAGRAPH (I)2 OF THIS PARAGRAPH.

32 (2) A retiree whose allowance is temporarily suspended under this
33 subsection is not subject to a reduction as provided in § 29-116 of this subtitle during
34 the period of employment by a participating employer.

35 (3) Upon receiving satisfactory documentation that the retiree is no
36 longer employed by a participating employer, the Board of Trustees shall reinstate the

1 retiree's allowance with accumulated cost-of-living adjustments from the date the
2 allowance was temporarily suspended.

3 (4) The retiree's allowance will be reinstated on the first day of the
4 month following the month in which the retiree ceased employment with the
5 participating employer.

6 31-202.

7 (A) [Subject] ON OR BEFORE DECEMBER 31, 2004, AND SUBJECT to § 31-203 of
8 this subtitle, the governmental units that are eligible to participate in the Local Fire
9 and Police System are:

10 (1) counties; and

11 (2) municipal corporations.

12 (B) A GOVERNMENTAL UNIT THAT IS NOT PARTICIPATING IN THE LOCAL FIRE
13 AND POLICE SYSTEM ON DECEMBER 31, 2004, IS NOT ELIGIBLE TO PARTICIPATE IN
14 THE LOCAL FIRE AND POLICE SYSTEM.

15 31-203.

16 (a) If at least 60% of the law enforcement officers of an eligible governmental
17 unit who are members of a local pension system petition to become members of the
18 Local Fire and Police System ON OR BEFORE DECEMBER 31, 2004, the legislative body
19 of the eligible governmental unit may approve the participation of these law
20 enforcement officers in the Local Fire and Police System as though the local pension
21 system were not in operation.

22 (b) If at least 60% of the [fire fighters] FIREFIGHTERS of an eligible
23 governmental unit who are members of a local pension system petition to become
24 members of the Local Fire and Police System ON OR BEFORE DECEMBER 31, 2004, the
25 legislative body of the eligible governmental unit may approve the participation of
26 these [fire fighters] FIREFIGHTERS in the Local Fire and Police System as though
27 the local pension system were not in operation.

28 31-205.

29 (a) If an eligible governmental unit approves participation in the Local Fire
30 and Police System ON OR BEFORE DECEMBER 31, 2004, the operation of the local
31 pension system with respect to the law enforcement officers or [fire fighters]
32 FIREFIGHTERS terminates on the effective date.

33 37-201.

34 (b) This title does not apply to:

35 (1) a transfer to the Judges' Retirement System of the State of Maryland;

1 (2) a transfer to or from the Legislative Pension Plan of the State of
 2 Maryland except to the extent provided by the Joint Resolution submitted to the
 3 General Assembly by the General Assembly Compensation Commission under Article
 4 III, § 15 of the Maryland Constitution;

5 (3) a transfer from the Employees' Retirement System of the State of
 6 Maryland to the Employees' Pension System of the State of Maryland [under §
 7 22-212 or § 22-213 of this article] ON OR BEFORE DECEMBER 31, 2004;

8 (4) a transfer from the Teachers' Retirement System of the State of
 9 Maryland to the Teachers' Pension System of the State of Maryland [under § 22-212
 10 or § 22-213 of this article] ON OR BEFORE DECEMBER 31, 2004;

11 (5) a transfer between the Employees' Retirement System of the State of
 12 Maryland and the Teachers' Retirement System of the State of Maryland;

13 (6) a transfer between the Employees' Pension System of the State of
 14 Maryland and the Teachers' Pension System of the State of Maryland if the member
 15 is not subject to the contributory pension benefit under Title 23, Subtitle 2, Part II of
 16 this article in the previous and current system; or

17 (7) a transfer between the Employees' Pension System of the State of
 18 Maryland and the Teachers' Pension System of the State of Maryland if the member
 19 is subject to the contributory pension benefit under Title 23, Subtitle 2, Part II of this
 20 article in the previous and current system.

21 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 22 read as follows:

23 **Article - State Personnel and Pensions**

24 20-101.

25 (c) "Additional contribution" means a contribution that is[:

26 (1)] made voluntarily by a member[; or

27 (2) designated as an additional contribution under § 22-212 or § 22-213
 28 of this article].

29 21-313.

30 (c) The member contributions under subsection (b) of this section:

31 (1) are designated as employee contributions to be picked up by the
 32 employing unit within the meaning of § 414(h)(2) of the Internal Revenue Code and
 33 shall be treated as employer contributions in determining tax treatment under that
 34 section;

1 (2) shall reduce the compensation of the member in an amount that
2 equals the member contribution picked up by the employer;

3 (3) may not be included as gross income of the member until the pickup
4 amounts are distributed or made available to the member;

5 (4) shall be paid by the State or other approved employer from the same
6 source of funds that is used to pay compensation to the member; and

7 (5) [except as provided in §§ 22-212 and 22-213 of this article,] for
8 purposes of this Division II, shall be treated in the same manner and to the same
9 extent as member contributions made before establishment of the employer pickup
10 program.

11 22-209.

12 (a) Subject to subsection (c) of this section, as a condition of an individual's
13 employment contract, an individual may remain a member of the Employees'
14 Retirement System or the Teachers' Retirement System without change in the
15 benefits under that retirement system as of December 31, 1979, if:

16 (1) the individual is a member of that retirement system on December
17 31, 1979; AND

18 (2) [the individual does not transfer membership under § 22-212 of this
19 subtitle; and

20 (3)] the individual's membership does not terminate under § 22-217 of
21 this subtitle.

22 22-212.

23 [(a) (1) An] ON OR AFTER JANUARY 1, 2005, AN individual who is a member of
24 the Employees' Retirement System or the Teachers' Retirement System [on December
25 31, 1979, continues to be a member in that system unless the individual transfers]
26 MAY NOT TRANSFER membership to the:

27 [(i) (1) Employees' Pension System, if the individual is a member
28 of the Employees' Retirement System; or

29 [(ii) (2) Teachers' Pension System, if the individual is a member of
30 the Teachers' Retirement System.

31 [(2) To transfer, an individual shall file with the Board of Trustees, on the
32 form the Board of Trustees requires, an executed waiver of any benefits to which the
33 individual might be entitled under the retirement system in which the individual is a
34 member.

35 (3) A transfer may only take effect on the first day of a month.

1 (b) (1) This subsection does not apply to a member's employer pickup
2 contributions.

3 (2) A member who transfers to a pension system under subsection (a) of
4 this section is eligible to receive within 90 days after the date of transfer a refund of
5 the member contributions described in paragraph (3) of this subsection, plus interest
6 computed as provided in paragraph (5) of this subsection, unless the member elects to
7 have any part of the member contributions described in paragraph (3) of this
8 subsection transferred as additional contributions to the annuity savings fund of the
9 pension system to which the member is transferring.

10 (3) The amount to be refunded under this subsection is the amount
11 obtained by multiplying the total of the member contributions attributed to that
12 member by a fraction not exceeding 1, that has:

13 (i) as its numerator, the member's average taxable wage base for
14 the 3 calendar years immediately preceding the calendar year of transfer; and

15 (ii) as its denominator, the average of the member's annual
16 earnable compensation as of the end of the preceding 3 fiscal years.

17 (4) The Board of Trustees shall transfer for the member's benefit the
18 balance, if any, of the member's contributions plus regular interest to the annuity
19 savings fund of the pension system to which the member is transferring.

20 (5) (i) The interest rate to be applied to the member contributions
21 under paragraph (2) of this subsection is the average rate of interest, compounded
22 yearly, for the 5 fiscal years preceding the calendar year of transfer.

23 (ii) The rate of interest for each fiscal year that is used to compute
24 the average rate of interest under subparagraph (i) of this paragraph equals the sum
25 of the investment income and the realized gains and losses divided by the book value
26 of the total investments.

27 (c) (1) If a member transfers to a pension system under subsection (a) of this
28 section, the Board of Trustees shall transfer the member's employer pickup
29 contributions for the member's benefit to the annuity savings fund of the pension
30 system to which the member is transferring.

31 (2) The Board of Trustees shall transfer:

32 (i) as additional contributions, the part of a member's employer
33 pickup contributions obtained by multiplying the member's total employer pickup
34 contributions as of the date of transfer by the fraction specified in subsection (b)(3) of
35 this section, plus interest computed as provided in paragraph (3) of this subsection;
36 and

37 (ii) as member contributions, any balance of the member's
38 employer pickup contributions plus regular interest.

1 (3) (i) The interest rate to be applied to the member contributions
2 under paragraph (2) of this subsection is the average rate of interest, compounded
3 yearly, for the 5 fiscal years preceding the calendar year of transfer.

4 (ii) The rate of interest for each fiscal year that is used to compute
5 the average rate of interest under subparagraph (i) of this paragraph equals the sum
6 of the investment income and the realized gains and losses divided by the book value
7 of the total investments.]

8 22-213.

9 [(a) (1) A] ON OR AFTER JANUARY 1, 2005, A former member who has elected
10 a vested allowance under § 29-302 of this article may NOT elect to be vested in:

11 [(i)] (1) the Employees' Pension System, if a former member of the
12 Employees' Retirement System; or

13 [(ii)] (2) the Teachers' Pension System, if a former member of the
14 Teachers' Retirement System.

15 [(2) A vested former member who elects to transfer vested rights to the
16 appropriate pension system shall file with the Board of Trustees, on the form the
17 Board of Trustees requires, an executed waiver of any benefits to which the former
18 member might be entitled under the retirement system from which the vested rights
19 are being transferred.

20 (3) A transfer may only take effect on the first day of a month.

21 (b) (1) This subsection does not apply to a former member's employer pickup
22 contributions.

23 (2) A former member who transfers vested rights to a pension system
24 under subsection (a) of this section is eligible to receive within 90 days after the date
25 of transfer a refund of the member contributions described in paragraph (3) of this
26 subsection plus regular interest, unless the former member elects to have any part of
27 the member contributions described in paragraph (3) of this subsection transferred as
28 additional contributions to the annuity savings fund of the pension system to which
29 the former member is transferring the vested rights.

30 (3) The amount to be refunded under this subsection is the amount
31 obtained by multiplying the total of the member contributions attributable to the
32 former member by a fraction not exceeding 1, that has:

33 (i) as its numerator, the former member's average taxable wage
34 base for the 3 calendar years immediately preceding the calendar year of the former
35 member's separation from employment; and

36 (ii) as its denominator, the average of the former member's annual
37 earnable compensation as of the end of the 3 fiscal years preceding the former
38 member's separation from employment.

1 (4) The Board of Trustees shall transfer for the former member's benefit
2 the balance, if any, of the member contributions plus regular interest to the annuity
3 savings fund of the pension system to which the former member is transferring the
4 vested rights.

5 (c) (1) If a former member transfers vested rights to a pension system under
6 subsection (a) of this section, the Board of Trustees shall transfer the former
7 member's employer pickup contributions for the former member's benefit to the
8 annuity savings fund of the pension system to which the former member is
9 transferring the vested rights.

10 (2) The Board of Trustees shall transfer:

11 (i) as additional contributions, the part of a former member's
12 employer pickup contributions obtained by multiplying the former member's total
13 employer pickup contributions as of the date of transfer by the fraction specified in
14 subsection (b)(3) of this section, plus regular interest; and

15 (ii) as member contributions, any balance of the former member's
16 employer pickup contributions, plus regular interest.]

17 22-219.

18 [(c) (1) After a member elects Selection A (Additional member contributions),
19 the member may:

20 (i) elect Selection B (Limited cost-of-living adjustment);

21 (ii) elect Selection C (Combination formula); or

22 (iii) transfer to the Employees' Pension System or the Teachers'
23 Pension System, as provided in § 22-212 of this subtitle.

24 (2) After the election of Selection B (Limited cost-of-living adjustment)
25 under paragraph (1)(i) of this subsection, the increase in the rate of member
26 contributions payable under § 22-214(a) of this subtitle may not be refunded as a
27 result of the election.

28 (3) After the election of Selection C (Combination formula) under
29 paragraph (1)(ii) of this subsection:

30 (i) the adjustment of the member's allowance shall be as provided
31 by Title 29, Subtitle 4, Part V of this article; and

32 (ii) the rate of member contributions shall be as provided by §
33 23-212 of this article.]

34 22-220.

35 [(c) (1) After a member elects Selection B (Limited cost-of-living
36 adjustment), the member may:

- 1 (i) elect Selection C (Combination formula); or
- 2 (ii) transfer to the Employees' Pension System or the Teachers'
- 3 Pension System as provided in § 22-212 of this subtitle.

4 (2) After the election of Selection C (Combination formula) under

5 paragraph (1)(i) of this subsection:

6 (i) the adjustment for creditable service before the date of the

7 election, shall be as provided in Title 29, Subtitle 4, Part IV of this article;

8 (ii) the adjustment for creditable service on or after the effective

9 date of the election, shall be as provided in Title 29, Subtitle 4, Part II of this article;

10 and

11 (iii) the rate of member contributions shall be as provided in §

12 23-212 of this article.]

13 22-221.

14 [(g) A member who is subject to this section may transfer to the Employees'

15 Pension System or the Teachers' Pension System, as provided in § 22-212 of this

16 subtitle.]

17 [22-407.

18 If a member who was restored to membership under former Article 73B, § 2-411

19 or § 3-408 of the Code elects to transfer to a pension system under § 22-212 of this

20 title, the Board of Trustees shall reduce the member's transfer refund by the amount

21 of the reduction in reserves that would have been made under former Article 73B, §

22 2-411(b)(5) or § 3-408(b)(5) of the Code.]

23 23-201.

24 (a) Except as provided in subsection (b) of this section, [§§ 23-202 through

25 23-205] §§ 23-203 THROUGH 23-205 of this subtitle apply only to:

26 (1) a regular employee whose compensation is provided by State

27 appropriation or paid from State funds;

28 (2) an appointed or elected official of the State, including:

29 (i) a clerk of the circuit court;

30 (ii) a register of wills;

31 (iii) a State's Attorney; and

32 (iv) a sheriff;

- 1 (3) an employee or official of a participating governmental unit who is
2 eligible to participate under Title 31, Subtitle 1 of this article;
- 3 (4) an employee of the Office of the Sheriff of Baltimore City;
- 4 (5) an additional employee or agent of the State Racing Commission
5 authorized by § 11-207 of the Business Regulation Article;
- 6 (6) a permanent employee of the board of supervisors of elections of a
7 county;
- 8 (7) a full-time master in chancery or in juvenile causes who is appointed
9 on or after July 1, 1989, in any county by the circuit court for that county;
- 10 (8) an employee of the Maryland Environmental Service who is a
11 member of the Employees' Pension System on June 30, 1993, or transfers from the
12 Employees' Retirement System on or after July 1, 1993;
- 13 (9) an employee of Dorchester County who is not a member of the
14 county's general pension and retirement program;
- 15 (10) a former Baltimore City jail employee who became an employee of the
16 Baltimore City Detention Center and a member of the Employees' Pension System on
17 July 1, 1991;
- 18 (11) a nonfaculty employee of the Baltimore City Community College who:
- 19 (i) is a member of the Employees' Pension System on October 1,
20 2002;
- 21 (ii) transfers from the Employees' Retirement System on or after
22 October 1, 2002;
- 23 (iii) transfers from the Teachers' Pension System in accordance with
24 § 23-202.1 of this subtitle; or
- 25 (iv) becomes an employee of the Baltimore City Community College
26 on or after October 1, 2002;
- 27 (12) a court reporter for the Circuit Court for Charles County who is a
28 member of the Employees' Pension System on July 1, 1994, or transfers from the
29 Employees' Retirement System on or after July 1, 1994;
- 30 (13) a staff employee of the University System of Maryland, Morgan State
31 University, or St. Mary's College who is:
- 32 (i) a member of the Employees' Pension System on January 1,
33 1998, or transfers from the Employees' Retirement System on or after January 1,
34 1998; or

1 (ii) a staff employee of the University System of Maryland, Morgan
2 State University, or St. Mary's College who becomes an employee on or after January
3 1, 1998;

4 (14) on or after the date that the Board of Education of Kent County
5 begins participation in the Employees' Pension System, a supportive service employee
6 of the Board of Education of Kent County; and

7 (15) an employee of the Town of Oakland on or after the date that the
8 Town of Oakland begins participation in the Employees' Pension System.

9 [23-202.

10 A member of the Employees' Retirement System may transfer membership to
11 the Employees' Pension System as of the first day of a month if the member files with
12 the Board of Trustees an executed waiver of all benefits to which the member may be
13 entitled under the Employees' Retirement System.]

14 23-206.

15 (a) Except as provided in subsection (b) of this section, [§§ 23-207 through
16 23-210] §§ 23-208 THROUGH 23-210 of this subtitle apply only to:

17 (1) an employee of a day school in the State under the authority and
18 supervision of a county board of education or the Baltimore City Board of School
19 Commissioners, employed as:

20 (i) a clerk;

21 (ii) a helping teacher;

22 (iii) a principal;

23 (iv) a superintendent;

24 (v) a supervisor; or

25 (vi) a teacher;

26 (2) a faculty employee of an educational institution supported by and
27 under the control of the State;

28 (3) a librarian or clerical employee of a library that is established or
29 operates under the Education Article;

30 (4) a professional or clerical employee of a community college that is
31 established or operates under the Education Article;

32 (5) a staff employee of the University System of Maryland, Morgan State
33 University, or St. Mary's College who is a member of the Teachers' Pension System as

1 of January 1, 1998, or who transfers from the Teachers' Retirement System on or
2 after January 1, 1998; or

3 (6) a nonfaculty employee of the Baltimore City Community College who:

4 (i) is a member of the Teachers' Pension System as of October 1,
5 2002 and does not transfer to the Employees' Pension System in accordance with
6 § 23-202.1 of this subtitle; or

7 (ii) transfers from the Teachers' Retirement System on or after
8 October 1, 2002.

9 [23-207.

10 A member of the Teachers' Retirement System may transfer membership to the
11 Teachers' Pension System as of the first day of a month if the member files with the
12 Board of Trustees an executed waiver of all benefits to which the member may be
13 entitled under the Teachers' Retirement System.]

14 23-405.

15 (a) When a member of the Employees' Retirement System or the Teachers'
16 Retirement System transfers ON OR BEFORE DECEMBER 31, 2004, to the Employees'
17 Pension System or the Teachers' Pension System, the Board of Trustees shall allocate
18 any amounts transferred from the Annuity Savings Fund as provided in [§ 22-212 of
19 this article] SUBSECTIONS (B) AND (C) OF THIS SECTION.

20 (B) (1) THIS SUBSECTION DOES NOT APPLY TO A MEMBER'S EMPLOYER
21 PICKUP CONTRIBUTIONS.

22 (2) A MEMBER WHO TRANSFERS TO A PENSION SYSTEM UNDER
23 SUBSECTION (A) OF THIS SECTION IS ELIGIBLE TO RECEIVE WITHIN 90 DAYS AFTER
24 THE DATE OF TRANSFER A REFUND OF THE MEMBER CONTRIBUTIONS DESCRIBED IN
25 PARAGRAPH (3) OF THIS SUBSECTION, PLUS INTEREST COMPUTED AS PROVIDED IN
26 PARAGRAPH (5) OF THIS SUBSECTION, UNLESS THE MEMBER ELECTS TO HAVE ANY
27 PART OF THE MEMBER CONTRIBUTIONS DESCRIBED IN PARAGRAPH (3) OF THIS
28 SUBSECTION TRANSFERRED AS ADDITIONAL CONTRIBUTIONS TO THE ANNUITY
29 SAVINGS FUND OF THE PENSION SYSTEM TO WHICH THE MEMBER IS
30 TRANSFERRING.

31 (3) THE AMOUNT TO BE REFUNDED UNDER THIS SUBSECTION IS THE
32 AMOUNT OBTAINED BY MULTIPLYING THE TOTAL OF THE MEMBER CONTRIBUTIONS
33 ATTRIBUTED TO THAT MEMBER BY A FRACTION NOT EXCEEDING 1, THAT HAS:

34 (I) AS ITS NUMERATOR, THE MEMBER'S AVERAGE TAXABLE WAGE
35 BASE FOR THE 3 CALENDAR YEARS IMMEDIATELY PRECEDING THE CALENDAR YEAR
36 OF TRANSFER; AND

1 (II) AS ITS DENOMINATOR, THE AVERAGE OF THE MEMBER'S
2 ANNUAL EARNABLE COMPENSATION AS OF THE END OF THE PRECEDING 3 FISCAL
3 YEARS.

4 (4) THE BOARD OF TRUSTEES SHALL TRANSFER FOR THE MEMBER'S
5 BENEFIT THE BALANCE, IF ANY, OF THE MEMBER'S CONTRIBUTIONS PLUS REGULAR
6 INTEREST TO THE ANNUITY SAVINGS FUND OF THE PENSION SYSTEM TO WHICH THE
7 MEMBER IS TRANSFERRING.

8 (5) (I) THE INTEREST RATE TO BE APPLIED TO THE MEMBER
9 CONTRIBUTIONS UNDER PARAGRAPH (2) OF THIS SUBSECTION IS THE AVERAGE
10 RATE OF INTEREST, COMPOUNDED YEARLY, FOR THE 5 FISCAL YEARS PRECEDING
11 THE CALENDAR YEAR OF TRANSFER.

12 (II) THE RATE OF INTEREST FOR EACH FISCAL YEAR THAT IS USED
13 TO COMPUTE THE AVERAGE RATE OF INTEREST UNDER SUBPARAGRAPH (I) OF THIS
14 PARAGRAPH EQUALS THE SUM OF THE INVESTMENT INCOME AND THE REALIZED
15 GAINS AND LOSSES DIVIDED BY THE BOOK VALUE OF THE TOTAL INVESTMENTS.

16 (C) (1) IF A MEMBER TRANSFERS TO A PENSION SYSTEM UNDER
17 SUBSECTION (A) OF THIS SECTION, THE BOARD OF TRUSTEES SHALL TRANSFER THE
18 MEMBER'S EMPLOYER PICKUP CONTRIBUTIONS FOR THE MEMBER'S BENEFIT TO
19 THE ANNUITY SAVINGS FUND OF THE PENSION SYSTEM TO WHICH THE MEMBER IS
20 TRANSFERRING.

21 (2) THE BOARD OF TRUSTEES SHALL TRANSFER:

22 (I) AS ADDITIONAL CONTRIBUTIONS, THE PART OF A MEMBER'S
23 EMPLOYER PICKUP CONTRIBUTIONS OBTAINED BY MULTIPLYING THE MEMBER'S
24 TOTAL EMPLOYER PICKUP CONTRIBUTIONS AS OF THE DATE OF TRANSFER BY THE
25 FRACTION SPECIFIED IN SUBSECTION (B)(3) OF THIS SECTION, PLUS INTEREST
26 COMPUTED AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION; AND

27 (II) AS MEMBER CONTRIBUTIONS, ANY BALANCE OF THE
28 MEMBER'S EMPLOYER PICKUP CONTRIBUTIONS PLUS REGULAR INTEREST.

29 (3) (I) THE INTEREST RATE TO BE APPLIED TO THE MEMBER
30 CONTRIBUTIONS UNDER PARAGRAPH (2) OF THIS SUBSECTION IS THE AVERAGE
31 RATE OF INTEREST, COMPOUNDED YEARLY, FOR THE 5 FISCAL YEARS PRECEDING
32 THE CALENDAR YEAR OF TRANSFER.

33 (II) THE RATE OF INTEREST FOR EACH FISCAL YEAR THAT IS USED
34 TO COMPUTE THE AVERAGE RATE OF INTEREST UNDER SUBPARAGRAPH (I) OF THIS
35 PARAGRAPH EQUALS THE SUM OF THE INVESTMENT INCOME AND THE REALIZED
36 GAINS AND LOSSES DIVIDED BY THE BOOK VALUE OF THE TOTAL INVESTMENTS.

37 [(b)] (D) On retirement or other withdrawal from service on the basis of which
38 an allowance is payable, the member's additional contributions, including any
39 employer pickup contributions transferred as additional contributions, with interest,
40 shall be paid either in cash or as an additional allowance equal to an annuity that is

1 the actuarial equivalent of that amount, in the same manner as the benefit otherwise
2 payable under the Employees' Pension System or Teachers' Pension System.

3 26-201.

4 (a) Except as provided in subsection (b) of this section, this subtitle applies
5 only to:

6 (1) an employee of the Department of Natural Resources commissioned
7 by the Secretary of Natural Resources as:

8 (i) a Natural Resources police officer; or

9 (ii) a law enforcement officer, other than a Natural Resources police
10 officer;

11 (2) a law enforcement officer employed by the Field Enforcement
12 Division;

13 (3) a member of the Maryland Transportation Authority Police Force
14 who has the powers granted to a police officer under § 4-208 of the Transportation
15 Article;

16 (4) a deputy sheriff employed by the Baltimore City Sheriff's
17 Department;

18 (5) a member of the University of Maryland Police Force who has the
19 powers granted to a police officer under § 13-601 of the Education Article;

20 (6) a law enforcement officer OR FIREFIGHTER employed by a
21 participating governmental unit that on or after July 1, 1999 has elected to
22 participate in the Law Enforcement Officers' Pension System;

23 (7) the State Fire Marshal or a Deputy State Fire Marshal;

24 (8) a member of the Morgan State University Police Force who has the
25 powers granted to a police officer under § 14-106 of the Education Article;

26 (9) a member of the BWI Airport Fire & Rescue Department;

27 (10) a member of the Department of General Services Police Force who
28 has the powers granted to a police officer under § 4-605 of the State Finance and
29 Procurement Article;

30 (11) an employee of the Department of Health and Mental Hygiene
31 commissioned by the Secretary of Health and Mental Hygiene as a Health and Mental
32 Hygiene police officer;

33 (12) an employee of the Motor Vehicle Administration commissioned by
34 the Secretary of the Department of Transportation as a Motor Vehicle Administration
35 police officer;

1 (13) an employee of the Department of Labor, Licensing, and Regulation
2 commissioned by the Secretary of Labor, Licensing, and Regulation as a Labor,
3 Licensing, and Regulation police officer;

4 (14) a firefighter for the Martin State Airport employed by the Military
5 Department; or

6 (15) a police officer employed by the Division of Rehabilitation Services in
7 the Department of Education, certified in accordance with the Maryland Police and
8 Correctional Training Commissions.

9 (b) This subtitle does not apply to:

10 (1) a Maryland Transportation Authority police officer who transferred
11 from the Employees' Retirement System to the Employees' Pension System on or after
12 December 1, 1996;

13 (2) a deputy sheriff employed by the Baltimore City Sheriff's
14 Department who transferred from the Employees' Retirement System to the
15 Employees' Pension System on or after December 1, 1996;

16 (3) a member of the University of Maryland Police Force who transferred
17 from the Employees' Retirement System to the Employees' Pension System on or after
18 December 1, 1997;

19 (4) a law enforcement officer OR FIREFIGHTER employed by a
20 participating governmental unit who transferred from the Employees' Retirement
21 System to the Employees' Pension System on or after December 1, 1997;

22 (5) a Maryland Port Administration police officer who transferred from
23 the Employees' Retirement System to the Employees' Pension System on or after
24 December 1, 1997;

25 (6) a State Fire Marshal or Deputy State Fire Marshal who transferred
26 from the Employees' Retirement System to the Employees' Pension System on or after
27 December 1, 1996;

28 (7) a member of the Morgan State University Police Force who
29 transferred from the Employees' Retirement System to the Employees' Pension
30 System on or after December 1, 1997;

31 (8) a member of the BWI Airport Fire & Rescue Department who
32 transferred from the Employees' Retirement System to the Employees' Pension
33 System on or after April 1, 1998;

34 (9) a member of the Department of General Services, Department of
35 Health and Mental Hygiene, Motor Vehicle Administration, or Department of Labor,
36 Licensing, and Regulation Police Force who transferred from the Employees'
37 Retirement System to the Employees' Pension System on or after April 1, 1998;

1 (10) a firefighter for the Martin State Airport employed by the Military
2 Department who transferred from the Employees' Retirement System to the
3 Employees' Pension System on or after April 1, 1998; or

4 (11) a police officer employed by the Division of Rehabilitation Services in
5 the Department of Education who:

6 (i) is certified in accordance with the Maryland Police and
7 Correctional Training Commissions; and

8 (ii) transferred from the Employees' Retirement System to the
9 Employees' Pension System on or after April 1, 1998.

10 [29-503.

11 (a) Subject to subsection (c) of this section and to the approval of the Board of
12 Trustees, a member may deposit additional contributions in the annuity savings fund
13 of the appropriate State system by making a single payment or by making a
14 contribution at a rate higher than required under this Division II.

15 (b) (1) Additional contributions made under this section may not exceed an
16 amount that would allow the member to purchase an additional annuity that, when
17 added to the member's prospective basic allowance, will provide for the member a
18 total allowance in excess of the amounts provided in this subsection.

19 (2) (i) This paragraph applies only to members of:

20 1. the Correctional Officers' Retirement System;

21 2. the Employees' Retirement System;

22 3. the Local Fire and Police System, who transferred from
23 the Employees' Retirement System;

24 4. the Law Enforcement Officers' Pension System, who
25 transferred from the Employees' Retirement System; and

26 5. the Teachers' Retirement System.

27 (ii) The total allowance described in paragraph (1) of this
28 subsection may not exceed two-thirds of the member's estimated average final
29 compensation at the earlier of:

30 1. the age of 60 years; or

31 2. 30 years of creditable service.

32 (3) (i) This paragraph applies only to members of:

33 1. the Employees' Pension System;

1 (I) A VOLUNTEER FIREFIGHTER; OR

2 (II) A VOLUNTEER PARAMEDIC.

3 [(d)] (E) "Law enforcement officer" means an individual certified by the
4 Maryland Police Training Commission as a law enforcement officer.

5 [(e)] (F) (1) "Local pension system" means a retirement or pension system of
6 an eligible governmental unit.

7 (2) "Local pension system" includes the Employees' Retirement System
8 and the Employees' Pension System if the eligible governmental unit participates
9 under Subtitle 1 of this title.

10 31-2A-03.

11 (A) If at least 60% of the law enforcement officers of an eligible governmental
12 unit who are members of a local pension system petition to become members of the
13 Law Enforcement Officers' Pension System, the legislative body of the eligible
14 governmental unit may approve the participation of these law enforcement officers in
15 the Law Enforcement Officers' Pension System as though the local pension system
16 were not in operation.

17 (B) IF AT LEAST 60% OF THE FIREFIGHTERS OF AN ELIGIBLE GOVERNMENTAL
18 UNIT WHO ARE MEMBERS OF A LOCAL PENSION SYSTEM PETITION TO BECOME
19 MEMBERS OF THE LAW ENFORCEMENT OFFICERS' SYSTEM, THE LEGISLATIVE BODY
20 OF THE ELIGIBLE GOVERNMENTAL UNIT MAY APPROVE THE PARTICIPATION OF
21 THESE FIREFIGHTERS IN THE LAW ENFORCEMENT OFFICERS' SYSTEM AS THOUGH
22 THE LOCAL PENSION SYSTEM WERE NOT IN OPERATION.

23 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
24 take effect January 1, 2005.

25 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in
26 Section 3 of this Act, this Act shall take effect ~~October~~ July 1, 2004.